

Report To: **East Sussex Strategic Partnership**

Date: January 2012

Report By: **Andrew Palmer, East Sussex Housing Officers Group**

Title of Report: Housing Policy Update - East Sussex

Purpose of Report: 1) to provide a brief summary of changes and proposed changes to national housing policy;
2) To outline action currently being undertaken jointly through the East Sussex Housing Group (ESHG) in response to these changes.

RECOMMENDATION:

That the policy changes and actions initiated by the East Sussex Housing Group outlined are noted

1. Background Information

- 1.1. This report provides the East Sussex Strategic Partnership with a summary of changes and proposed changes in housing policy emerging from the Localism Act and the government's new National Housing strategy for England (Laying the Foundations: A Housing Strategy for England) and highlights some of the key opportunities and risks associated with changes in national policy. The approach that is being adopted by the East Sussex Housing Group (ESHG) in preparation for some of these changes is also outlined.
- 1.2. The Localism Bill received Royal Assent on 16 November 2011 and its provisions are in the process of being introduced. The Housing Strategy for England was published on 21 November 2011.

2. Changes and proposed changes to housing policy: a summary

2.1. Tenancies

- 2.1.1. Local Authorities and Housing Associations will be able to let social housing on fixed term rather than lifetime tenancies. There is an expectation that such tenancies will be for a period of not less than five years although it may be possible for landlords to offer shorter two year terms. Landlords will also be able to offer longer tenancies, including lifetime tenancies.
- 2.1.2. Local Authorities (as part of their strategic role) will be required to publish a Tenancy Strategy. This will set out each authority's strategic policy on tenancies. The strategy should be consistent with the authority's allocation scheme for letting to its own properties, should it still be landlord, and the exercise of nomination rights to social housing provided by other landlords. It should also be consistent with the local Homelessness Strategy.
- 2.1.3. Social landlords will be required to have in place a policy on the tenancies they will offer to new residents. The policy should give due regard to the requirements of the Local Authority Tenancy Strategies which apply in the areas where the landlord provides homes. However, the provisions of Tenancy Strategies are not binding on social housing providers.
- 2.1.4. The Government has introduced these changes to ensure that affordable housing is available to those with a need and encourage mobility for those who no longer require it.
- 2.1.5. ESHG will be working alongside Registered Partners to consider the impact of these changes.

2.2. Affordable rents

- 2.2.1. Housing Associations will be able to let existing social housing at rents set at a maximum of up to 80% of local market rents (referred to as 'affordable rent').
- 2.2.2. The intention of allowing providers to charge rents higher than those traditionally charged for social housing is to finance new affordable housing through increased rental income. All newly built homes, provided by housing associations and local authorities, and which are supported by Homes and Communities Agency (HCA) funding have to be let at 'affordable rent' levels.
- 2.2.3. This will result in an increase in rent for some tenants; the impact of this will be closely monitored by ESHG.

2.3. Housing Register

- 2.3.1. Local Authorities will have far more scope to decide locally which categories of applicants and households are able to join their Housing Register.
- 2.3.2. However, Local Authorities will still be required to give certain categories of household reasonable preference for the allocation of an affordable home. This currently includes, for example, homeless households and is expected to be expanded to include former members of the armed forces.
- 2.3.3. The Government's intention is to ensure decision making about how affordable housing should be allocated is made at a local level, whilst still ensuring that those with a need are not excluded.

2.4. Mobility

- 2.4.1. Tenants looking for a transfer to a new home can be removed from the allocation system.
- 2.4.2. A national mobility scheme, provisionally called the Home-swap Programme, is to be introduced. It will require housing providers to be part of a nationwide database of house swaps.
- 2.4.3. Although details of the scheme have yet to be clarified, the Government expects the programme will make it easier for people in social housing to move between Local Authority areas and regions.

2.5. Homelessness

- 2.5.1. Local Authorities will have the ability to discharge homelessness duties by placing homeless households in private rented accommodation without requiring the agreement of the household.
- 2.5.2. Any such placements will be subject to a minimum tenancy period of one year.
- 2.5.3. The Government's intention is to reduce the reliance by Local Authorities on the use of expensive and unsuitable accommodation.

2.6. Council Housing Finance

- 2.6.1. In April 2012, the existing Housing Revenue Account system, used to manage the finances of municipal landlords, is to be replaced.
- 2.6.2. The new approach will end the current system in which Local Authority landlords receive annual financial allocations from the Government.
- 2.6.3. In its place, all Local Authority landlords will be self financing, relying entirely upon their rental income to manage and maintain their housing stock.

2.7. New Homes Bonus Rewards for house building

- 2.7.1. The New Homes Bonus was introduced in April 2011.
- 2.7.2. It is designed to provide a financial incentive for Local Authorities to support new house building and bring empty properties back into use as homes.
- 2.7.3. The Government match funds for six years the additional council tax raised for new homes and empty properties returned to use, with an additional amount for affordable homes.
- 2.7.4. The Government's intention is to provide an incentive to encourage house-building and in particular affordable housing and bringing back into use empty homes.

2.8. Housing Benefit and Local Housing Allowance

2.8.1. Changes to Housing Benefit and Local Housing Allowance are being introduced between April 2011 and April 2013. Details of these changes are set out in Appendix 1.

2.8.2. A local impact assessment (based on figures produced by the DWP) has been undertaken and ESHG are putting in place measures which should go some way to mitigating the impact. These measures include developing a communications plan jointly with Registered Providers to ensure that tenants most affected by the changes are targeted for advice and assistance.

3. Changes to central government financial support for improving housing conditions in private housing

3.1. Since April 2011, no funding has been allocated by the Government to Local Authorities to support direct investment in improving the condition of privately owned homes. Local Authorities that wish to continue to fund improvements in private housing will in future be expected to fund this from their own resources.

3.2. However, Government has announced its intention to provide £100million of funding dedicated to bringing empty homes back into use and a further £50million to tackle concentrations of poor quality housing

4. National Planning Policy Framework

4.1. The Government is currently consulting on the draft National Planning Policy Framework (NPPF). The intention of the NPPF is to consolidate all current policy statements, circulars and guidance documents into a single Framework. The new Framework is intended to be user-friendly and accessible with clear policies for making local and neighbourhood plans and development management decisions.

4.2. The NPPF proposes a presumption in favour of planning consent being given for sustainable development, unless a local authority's Local Development Framework includes within it robustly evidenced reasons why such development should not take place.

4.3. The NPPF proposes placing a duty on councils and other public bodies to work together across administrative boundaries to plan for housing, transport and infrastructure needs.

5. Implementation Timetable

5.1 The government's timetable for implementation of the new national housing strategy is outlined in Appendix 2.

6. East Sussex: The housing partnership approach

6.1. ESHG has expanded its joint working arrangements and brings together relevant officers from all East Sussex Local Authorities (and in some cases, partner organisations).

6.2. The partnership has been very successful in delivering a number of joint initiatives, including the BEST private sector housing programme and more recently an East Sussex wide Local Investment Plan.

6.3. To prepare for the changes outlined within this report, work plans have been developed.

6.4. Although a full programme has not yet been finalised, the table at Appendix 2 outlines some of the opportunities and benefits to be achieved.

7. Conclusion

- 7.1. The Government is making a number of wide ranging changes to the way in which affordable housing and related social policy has operated in recent years. These partly reflect a desire to make affordable housing more flexible and responsive to individual circumstances and partly can be seen as pragmatic response to the current economic situation and the need to restrain public expenditure over the period of this parliament.
- 7.2. The Government remains committed to stimulating economic and housing growth. The affordable rents regime in particular is seen as a way of achieving more new homes. The Government hopes that higher rents will increase registered providers access to private sector lending, thereby offsetting the impact of the reductions in public sector capital spending on new housing.
- 7.3. The Government is also committed to giving Local Authorities greater freedoms and flexibility in how they allocate housing and the offer they make available to local residents, However it must be recognised that these freedoms come at a time when councils are financially severely challenged and facing increasing demands for services.
- 7.4. It is vitally important that Local Authorities are able to make best use of their existing housing assets, public and private. The Government's proposals for tackling under occupation, returning empty homes to use and making greater use of the private sector for homeless households are regarded as a concerted effort to assist Local Authorities in meeting this demand.
- 7.5. The extent to which Councils are able to contain demand for services will significantly depend upon how quickly the economy grows, jobs are created and the housing market recovers over the next few years. In the short term at least, the net effect of changes being made as a result of welfare reforms and higher rents are likely to increase pressure on local housing services, particularly housing benefits and homelessness.
- 7.6. Proposed changes to the planning framework are intended to help stimulate growth by introducing a strong presumption in favour of development. However this is likely to be tempered by a strengthening of local accountability in planning matters. The introduction of the New Homes Bonus and plans for a Community Infrastructure Levy can be viewed as measures to counter resistance by demonstrating the shared benefits of new development to existing communities.
- 7.7. Finally, with public sector resources significantly squeezed, it will be more important than ever that East Sussex partners work co-operatively to maximise service delivery and opportunities for the delivery of new social housing whilst protecting the interests of existing tenants. Such an approach is the best way of ensuring that positive outcomes are achieved for all in East Sussex.

Appendix 1: Housing Benefit, Local Housing Allowance and Welfare changes

Change	Date introduced	Directly affects
Support for Mortgage Interest (SMI) payments limited to two years for Jobseeker's Allowance claimants. This applies for claimants who get SMI continually or through linked benefit claims. However, the qualifying period for award to be made reduced to thirteen weeks from the date of the claim being submitted	January 2009	Home buyers
SMI set at the Bank of England's published monthly average mortgage interest rate. It will only be adjusted in future when the published average mortgage rate differs by 0.5 per cent or more. The current rate is 3.63%.	October 2010	Home buyers
Removal of £15 weekly excess (a maximum amount over the rent liability that claimants were entitled to if their rent was less than LHA amount)	April 2011	Privately rented homes
Capping the maximum LHA rate payable for each property size, and applying a four bed limit: <ul style="list-style-type: none"> • £250 for one bed • £290 for two bed • £340 for three bed • £400 for four bed and larger properties 	April 2011	Privately rented homes
Increasing deductions for non-dependants: they will no longer be frozen at £7.40 per week for non-earners and will be linked to prices. Households which include adults aged 18 or over will see an increase in the amount deducted from their Housing Benefit (HB) entitlement which in turn leads to a bigger gap between their rent liability and the amount of HB in payment.	April 2011	Privately and social rented homes
Calculating LHA rates using the 30 th percentile of market rents rather than the 50 th percentile (effectively means that 3 in 10 properties for rent should be affordable to HB customers rather than 5 in 10 as is now the case)	Oct 2011	Privately rented homes
People under 35 will be paid single room rate rather than full flat rate (previously under 25)	April 2012	Privately rented homes
Linking LHA increases to the Consumer Prices Index (CPI) which does not include housing costs rather than the higher Retail Prices Index (RPI)	April 2013	Privately rented homes
Limiting HB for working age tenants so that it only covers the size of property they are judged to need	April 2013	Social rent homes

Appendix 2: Action Plan for the Delivery of a Housing Strategy for England

<i>Policy</i>	<i>Action</i>	<i>Key milestone</i>
Increasing Supply	New Build Indemnity Scheme	Spring 2012 – Launch scheme
	Get Britain Building Programme	Dec 2011 – Issue prospectus
	Allow developer challenges to s106 agreements signed before April 2010	Dec 2011/Jan 2012 – Issue consultation
	Growing Places fund	Feb 2012 – First payments made
	Feeing up public sector land	Spring 2012 – Update on progress
	Land auction pilots	Mar 2012 – Report on progress and learning
	Locally planned large scale developments	Spring 2012 – issue prospectus
	Community right to build	April 2012 – Introduce new right
	New Homes Bonus	Feb 2012 – Final year two allocations
	Review housing, planning and construction regulations	Jan 2012 – Launch red tape challenge
	Custom Build Homes programme	Early 2012 – publish plans to support provision of short term project finance on a repayable basis
Social and affordable housing reform	Allocation social homes	Dec 2011 – issue guidance for consideration
	Flexible tenure	Apr 2012 – Commence Localism Act powers
	Mobility	Jan 2012 – Link Homeswap Direct to online information on jobs
	Social Housing regulation	Nov 2011 – issue consultation on revised standards for social landlords, including on tenure, mobility and value for money
	Housing Revenue Account reform	Nov 2011 – issue consultation
	Transfer of local authority housing stock to Registered Providers	Apr 2012 – issue updated guidance

	Reinvigorated Right to Buy scheme	Dec 2011 – Issue consultation
	Tackling anti-social behaviour	Jan 2012 – issue response to consultation
	Tenants on high salaries	Dec 2011 – issue consultation on provisions to increase rents
	Tenancy fraud	Dec 2011 – issue consultation
A thriving private rented sector	REITs changes	Finance Bill 2012 – Introduce legislation
	Build to rent pilot schemes	Apr 2012 – phase 2 sites announced
	Review of barriers to investment in the private rented sector	Summer 2012 – Review completed
Strategy for empty homes	£100million of funding for bringing empty homes back into use as affordable housing	Apr 2012 – funding allocations in place
	£50million of additional funding to tackle concentrations of poor quality empty homes	Spring 2012 – funding plans announced
	Council Tax for empty homes and second homes	Early 2012 – Public response to consultation
	Empty Dwelling Management Orders	Spring 2012 – Changes complete
	Criminalising squatting	Summer 2012 – Commence Legal Aid, Sentencing and Punishment of Offenders Act powers
Quality of housing experience and support	Tackling homelessness	Spring 2012 – Publish second report from Ministerial Working Group
	Housing allocations for Armed Forces Personnel	Dec 2012 – Publish consultation on guidance and regulations
	Supporting People	Spring 2012 – Payment by Results models live in pilot areas; Spring 2012 – Complete scoping of personal budgets in possible pilot areas
	New deal for older people's housing	Dec 2011 – Publish handyperson schemes evaluation; Dec 2011 – Publish Lifetime Neighbourhoods report; Summer 2012 – Publish research on Lifetime Homes standard

	Demonstration projects to test direct payment of Housing Benefit	June 2012 – Demonstration projects conclude
	Research into the impact of Housing Benefit changes in the private rented sector	Summer 2012 – Final report published
	Support for Mortgage Interest scheme	Dec 2011 – Consult on reform of scheme
Quality, sustainability and design	Building regulations	Dec 2011 – Issue consultation on revisions to Part L 2013 (conservation of fuel and power)
	Community led design	Spring 2012 – Ministerial led Design Summit
	Zero Carbon Homes	Budget 2012 – Policy statement on off-site allowable solutions
	Green Deal	Autumn 2012 – Launch

Appendix 3: Joint working through ESHG

Theme	Work required	Responsible Group	Current status	Benefits
General	Communicating changes to all stakeholders	All ESHG sub groups	<ul style="list-style-type: none"> ➤ Housing Benefit event held in May 2011 to raise awareness of changes – aimed at Members and advice agencies ➤ Registered Provider (RP)¹ event held in March 2011 to ensure key priority housing sites were included within RP bidding packages ➤ Consistent messages provided to service users through a (developing) communications plan 	<ul style="list-style-type: none"> ➤ Minimises confusion regarding the changes, particularly for service users. ➤ Enables those organisations involved in providing advice and or housing services to be prepared for the changes and provide a consistent message to service users ➤ Early planning will save Local Authority resources in the longer term
Housing delivery	Measuring housing delivery and benchmarking of housing enabling services	ESHG Housing Delivery Group	<ul style="list-style-type: none"> ➤ Measuring of housing delivery continues via National Indicators¹⁵⁴ & ¹⁵⁵ ➤ A Benchmarking exercise has been piloted 	<ul style="list-style-type: none"> ➤ Ensures ESHG fully understand the impact of recent changes on housing delivery and are in a position to share good practice
	Regular meetings between Local Authorities, RPs and HCA	ESHG Housing Delivery Group	<ul style="list-style-type: none"> ➤ Meetings are held quarterly 	<ul style="list-style-type: none"> ➤ Ensures that RPs and HCA are aware of East Sussex Strategic Housing Priorities and involved in joint working to deliver on those priorities
Tenants and tenancies	Financial inclusion	ESHG Housing Management Group	<ul style="list-style-type: none"> ➤ Working group in place to establish viability of joint procurement of advice agencies (for RPs) 	<ul style="list-style-type: none"> ➤ Will enable the pooling of resources to develop a countywide advice service for RP Housing Association tenants who may be experiencing financial and/or housing difficulties
	Welfare Changes	ESHG Housing Management Group	<ul style="list-style-type: none"> ➤ Working group in place to consider a 'menu' of policy options for Housing Associations (e.g. allowing lodgers) 	<ul style="list-style-type: none"> ➤ Working towards consistent policies across the county which will mitigate the impact of some of the issues resulting from the welfare changes ➤ Early planning will save Local Authority resources in the longer term
	Duty to publish strategic	ESHG	<ul style="list-style-type: none"> ➤ Project Plan in place to develop 	<ul style="list-style-type: none"> ➤ Much of the work which would be required by

¹ Registered Provider: a housing provider operating on a not-for-profit basis, providing homes at below market rates for people who need an affordable, secure home and who have insufficient income to secure such accommodation in the private sector. Includes council and housing association landlords.

	policy for tenancies	Housing Management Group and Policy Group	and deliver a countywide framework for tenancy strategy which will set a consistent approach for East Sussex LAs	individual LAs will have been completed jointly as part of the framework's development (e.g. consultation); this approach will save LA resources in the longer term. ➤ Having a framework in place will allow LAs to ensure an individual stance where required, whilst a consistent approach will simplify co-operative working across the County with RP partners, some of whom are national organisations dealing with a number of LAs.
	Benchmarking across East Sussex Housing Associations	ESHG Housing Management Group	➤ East Sussex Housing Associations have agreed to provide information, on a quarterly basis, on a set of seven indicators	➤ Ensures ESHG fully understand the impact of recent changes with regard to welfare changes
Housing Needs	Prevention of homelessness	ESHG Housing Policy Group	➤ Good practice project in place	➤ Enables sharing of good practice across the County with longer term aspirations of consistent service provision
	Temporary Accommodation	ESHG Housing Policy Group	➤ Project in place currently testing the viability of having preferred provider list (also looking into working with Children's Services Probation etc)	➤ Potential to improve access to good quality temporary accommodation
	Benchmarking of housing options (homelessness prevention) services	ESHG Housing Policy Group	➤ A benchmarking framework has been developed and piloted	➤ Ensures ESHG fully understand the impact of recent changes on service delivery and are in a position to share good practice
Improving housing conditions in the private sector	Empty Homes	ESHG Housing Delivery Group	➤ East Sussex Framework is being developed with Brighton & Hove Council under the BEST programme	➤ A joint bid has an improved chance of success